

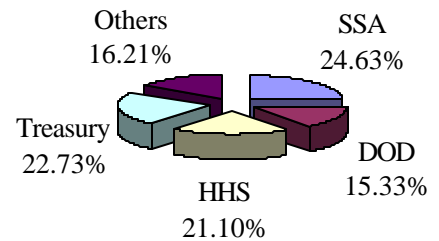
## HIGHLIGHTS OF OUR BUDGETARY OUTLAYS

In FY 1999, HHS had net outlays of \$359.7 billion, representing 21.1% of all Federal net outlays. This represents an increase from \$350.6 billion (21.2% of Federal net outlays) in FY 1998. Only the SSA (which became independent from HHS in 1995) and the Department of the Treasury exceeded HHS spending in FY 1999.

The portion of the Federal budget allocated to HHS has grown significantly over the last three decades. The nature of the HHS entitlement programs is the reason for the growth in spending. We cannot limit the number of enrollees in our programs; every individual who meets the programs' criteria must be enrolled. Nine out of every ten HHS dollars are now spent on entitlements.

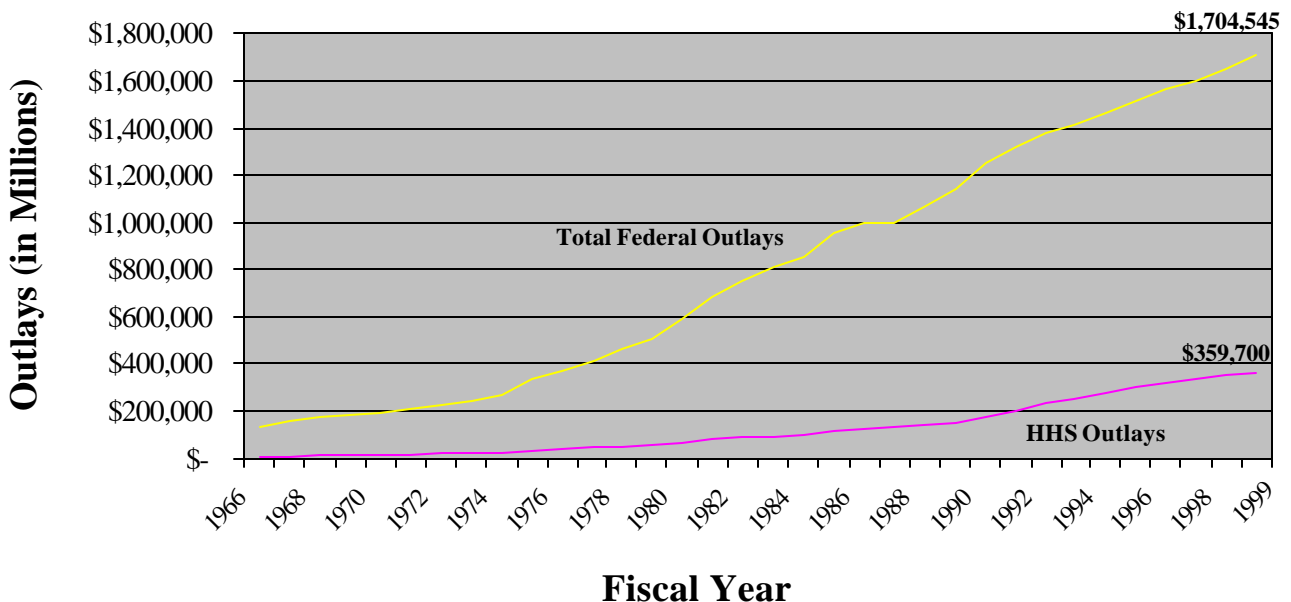
When the Medicare and Medicaid entitlement programs were enacted in 1966, HHS net outlays accounted for only 4% of Federal net outlays. As the ranks of the enrollees and beneficiaries of these entitlement programs has swelled along with the increasing costs of health care treatment, the impact on the Federal budget has been quite significant. The net outlays for Medicare alone now account for 11% of the Federal budget.

### Federal FY 1999 Outlays by Agency



Source: Final Monthly Treasury Statement of Receipts and Outlays of the United States Government. (Treasury includes interest on Federal debt.)

### HHS and Total Federal Net Outlays FYs 1966-1999



Source: Historical Tables, Budget of the United States Government Fiscal Year 2000, Executive Office of the President

**HHS FY 1999 Net Outlays by Budget Function and OPDIV**  
(In Thousands)

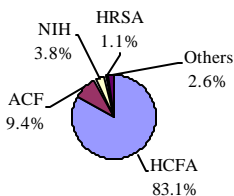
OPDIV	Education, Training, Employment, and Social Services	Health	Medicare	Income Security	Administration of Justice	TOTAL	HHS FY 1999 Net Outlays by OPDIV %
Health Care Financing Administration		\$ 108,572,992	\$ 190,440,645			\$ 299,013,637	83.13%
Administration for Children & Families	\$ 12,657,584			\$20,896,446	\$ 69,618	33,623,648	9.35%
National Institutes of Health		13,802,146				13,802,146	3.84%
Health Resources and Services Administration		3,859,672				3,859,672	1.07%
Centers for Disease Control & Prevention		2,380,432			47,758	2,428,190	0.68%
Substance Abuse and Mental Health Svs. Adm.		2,213,905				2,213,905	0.62%
Indian Health Service		2,193,221				2,193,221	0.61%
Food and Drug Administration		950,140				950,140	0.26%
Administration on Aging	879,268					879,268	0.24%
Office of the Secretary		376,730				376,730	0.10%
Program Support Center *		280,125				280,125	0.08%
Agency for Healthcare Research and Quality		79,375				79,375	0.02%
<b>HHS SUBTOTAL</b>	<b>\$ 13,536,852</b>	<b>\$ 134,708,738</b>	<b>\$ 190,440,645</b>	<b>\$20,896,446</b>	<b>\$ 117,376</b>	<b>\$ 359,700,057</b>	<b>100.00%</b>

\* Though PSC's services are fee-based and self-sustaining, net outlays shown include \$201,689 thousand for Retirement Pay and Medical Benefits for Commissioned Officers with the remainder attributable to the HHS Service and Supply Fund and miscellaneous trust funds.

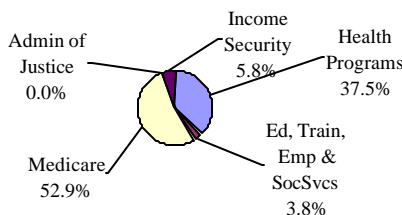
Source: Treasury Year End Report. Proprietary receipts from the public and intrabudgetary transactions have been allocated to each HHS OPDIV based on detailed amounts in the September monthly Treasury statement.

**Note:** The FY 1999 financial statements' supplemental schedules present data under six budget functions, rather than just the 5 shown here. This is because ATSDR's expenditures under the Natural Resources budget function are included in HHS financial statements, but excluded from HHS outlay figures; they are included in EPA's outlay figures.

**HHS FY 1999 Net Outlays by OPDIV**



**HHS FY 1999 Net Outlays by Budget Function**



HHS dollars are allocated to the OPDIVs across budget functions. The accompanying matrix chart of "HHS FY 1999 Net Outlays by Budget Function and OPDIV" details this distribution and facilitates the identification of concentrations of outlays. The largest single budget function is Medicare (which has a category all its own), with \$190.4 billion in spending. The second largest functional category, at \$134.7 billion, is Health where most of the funds are spent by HCFA (for Medicaid) and by NIH (for research). ACF has the bulk of responsibility for budget function dollars categorized as Education, Training, Employment and Social Services, and also for Income Security through the Temporary Assistance for Needy Families and Child Support Enforcement programs.

Measured by program spending, HCFA is by far the largest of the HHS OPDIVs, followed by ACF, then NIH, HRSA, CDC, SAMHSA, and other OPDIVs. The relative portion of total HHS net outlays by OPDIV is illustrated in the accompanying pie chart.

Outlays by budget function are largely concentrated in the Medicare and Health (which includes Medicaid) budget functions.

Readers will note in Section IV that the Statement of Net Cost, which was a new principal financial statement for FY 1998, allocates costs by OPDIV and by budget function. Costs reported will be concentrated in a similar fashion as the budget figures, noted above, for net outlays reported in this section of the Accountability Report.